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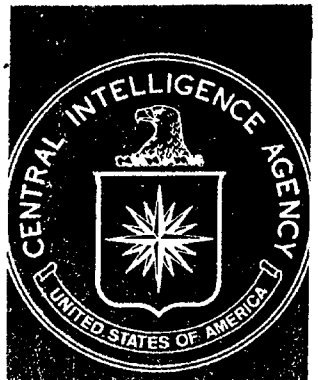

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Directorate of Intelligence

Intelligence Memorandum
DCI Counternarcotics Center
29 July 1992

Narco-Insurgent Links in the Andes

Summary

Relations between traffickers and insurgents in Colombia and Peru will continue to be characterized by both cooperation and friction. In general, the insurgents are seeking larger profits from narcotics and diversifying their roles in the drug trade. Besides extorting money for protecting trafficker infrastructure and drug shipments, many insurgents directly participate in coca growing and processing. Moreover, Colombian guerrilla groups have become increasingly involved in that country's emerging opium and heroin trade. Although traffickers occasionally benefit from guerrilla protection, they resent the insurgents and sometimes have used force to resist their encroachment. Andean government assertions that increased attacks against the insurgents would affect the drug trade are primarily an attempt to convince the US to allow the use of counternarcotics aid for counterinsurgency operations; in fact, many traffickers would support government counterinsurgency operations. (b)(3)

This memorandum was prepared by DCI Counternarcotics (b)(3)
Center, with contributions from
Office of African and Latin American Analysis. Comments and queries are welcome and may be directed to the Director, DCI Counternarcotics Center, on (b)(3)

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Cooperation Yields Gains for Traffickers

Colombian and Peruvian insurgents help facilitate the drug trade in areas they control by protecting key trafficking infrastructure and engaging in trafficking activities. Guerrillas guard coca fields and processing laboratories and protect drug transshipment operations by providing security at clandestine airstrips. They have also become more directly involved in the transportation of drugs. Recently, for example, Cali traffickers have been paying members of the Revolutionary Armed Forces of Colombia (FARC) to ship cocaine from southern Colombia to overseas export sites in Brazil. (b)(1) (b)(3)

In addition, traffickers occasionally use the insurgents to attack their enemies--both government and rival traffickers. This activity is particularly pronounced in Colombia, where guerrillas belonging to the National Liberation Army (ELN) have been hired by Medellin drug kingpin Pablo Escobar to carry out assassinations and bombings against government targets. He has also used them to target Cali competitors and other enemies. Although Escobar reportedly once loathed the guerrillas, he came to see them as potential collaborators following extensive counternarcotics operations by security services during Colombia's 1989 drug crackdown. (b)(1) (b)(3)

Although such cooperation has been less discernible in Peru, Sendero Luminoso (SL)--the most powerful Peruvian insurgent group--has, on at least one occasion, attacked a government outpost at the behest of traffickers. In March 1989, traffickers hired Sendero to attack a police garrison in the Upper Huallaga Valley town of Uchiza, Last year, SL twice attacked a Marine unit in Zorrillos, a town on the Ucayali River; this unit's refusal to cooperate with traffickers could have been a factor in its being targeted by Sendero. (b)(1) (b)(3)

some Colombian guerrilla groups have increased their involvement in the region's emerging opium and heroin trade. FARC and ELN units reportedly have been providing protection to poppy fields since the late 1980s, and at least one ELN member grew opium poppies in Cauca Department in 1988. Since then, poppy cultivation by Colombian insurgents has increased, and FARC and ELN units, in collaboration with traffickers, have extensive poppy fields Since late last year, there have been several reports of Peruvian and Colombian drug groups working together to introduce poppies into areas that may be under Sendero control. There is, however, no concrete evidence yet of insurgent involvement. (b)(1) (b)(1) (b)(1) (b)(1) (b)(1) (b)(3)

Although some far-left groups in Bolivia--the world's second largest coca producer--have discussed plans for joint attacks with narcotics traffickers on antidrug forces, collected information on counternarcotics personnel, and secured weapons from traffickers, they have only a marginal role in supporting the drug trade. Bolivia's National Liberation Army (ELN) planned a series of (b)(1)

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attacks and protests in 1991 to respond to the Army's proposed antidrug role and apparently was responsible for placing small bombs near the US Embassy early last year. Additional ELN plans have included attacks on DEA agents and police and military personnel, and coordination of strikes by coca growers. Other subversive groups--including the Tupac Katari Guerrilla Army (EGTK)--reportedly have also planned attacks or warned traffickers of Bolivian antidrug activities. All of these groups, however, are too small, poorly organized, and lack popular support to have a significant hand in drug trafficking. (b)(3)

Financial Gains for Guerrillas

Guerrillas are involved with the narcotics industry primarily to raise funds. In Peru, indicate the Sendero Luminoso obtains most of its funding from the narcotics industry. (b)(1) (b)(1)

Taking account of insurgent fees for trafficking activities in territory they control and profits from sales of coca products, we estimate a sum of less than $10 million may be more likely. (b)(3)

Assessments of drug revenues collected by Colombian insurgents are more uncertain, but because of their more extensive involvement in the drug trade we believe that the drug earnings of Colombian insurgents exceeds that of their Peruvian counterparts. estimated that the FARC earned some $40 million annually in drug revenues. Colombian insurgents probably continue to raise much of their funding through extortion and kidnapping. (b)(1) (b)(3)

Andean insurgents first became involved in the drug trade by imposing "war taxes" on coca growers and traffickers in their operational areas, a method that continues to be their primary means of collecting drug revenues. In the late 1970s, FARC fronts in Colombia charged growers and traffickers for safe passage through areas under the group's control; this activity was officially sanctioned by FARC's National Directorate in 1982. Since opening a front in Peru's primary coca growing region--the Upper Huallaga Valley--in the mid-1980s, the Sendero Luminoso has been taxing drug enterprises and exacting contributions in kind from coca growers there. The group also receives between $5,000 and $15,000 each time drug traffickers use an airstrip in areas it controls; 200 drug flights left the Upper Huallaga Valley for Colombia from January to May 1992, (b)(1) (b)(3)

Direct revenues from cultivation and processing appear to be increasing among some groups as they accept a broader role in the trade. (b)(1) since at least the mid-1980s, FARC and ELN units in Colombia have cultivated coca and processed cocaine paste and base. FARC (b)(1) created a "financial front" in 1989 to control its drug production activities. More recently, FARC and ELN units have been (b)(1) managing their own cocaine hydrochloride laboratories and have indicated that they may be collaborating with traffickers on cocaine exports. (b)(1)

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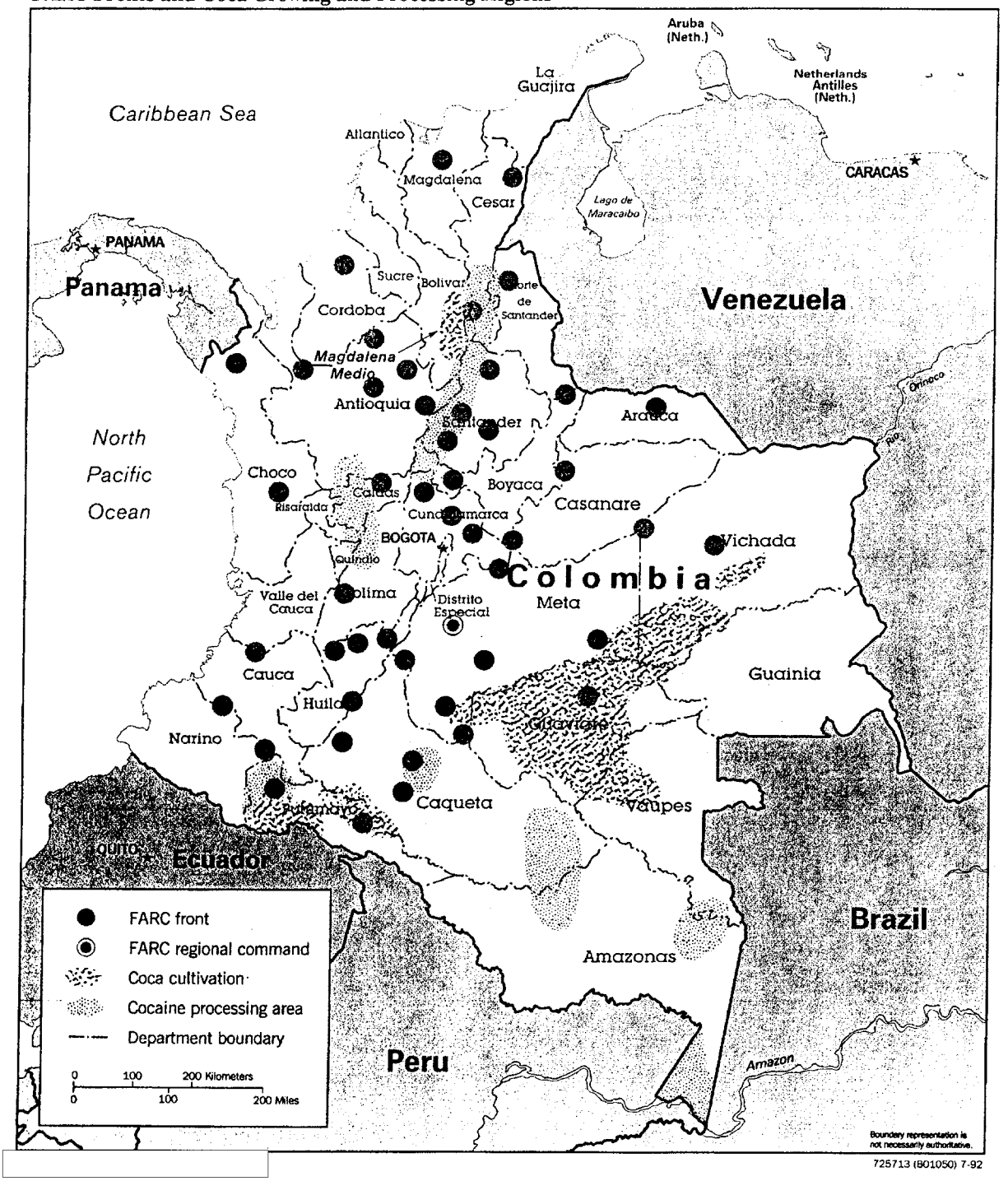
FARC Fronts and Coca Growing and Processing Regions



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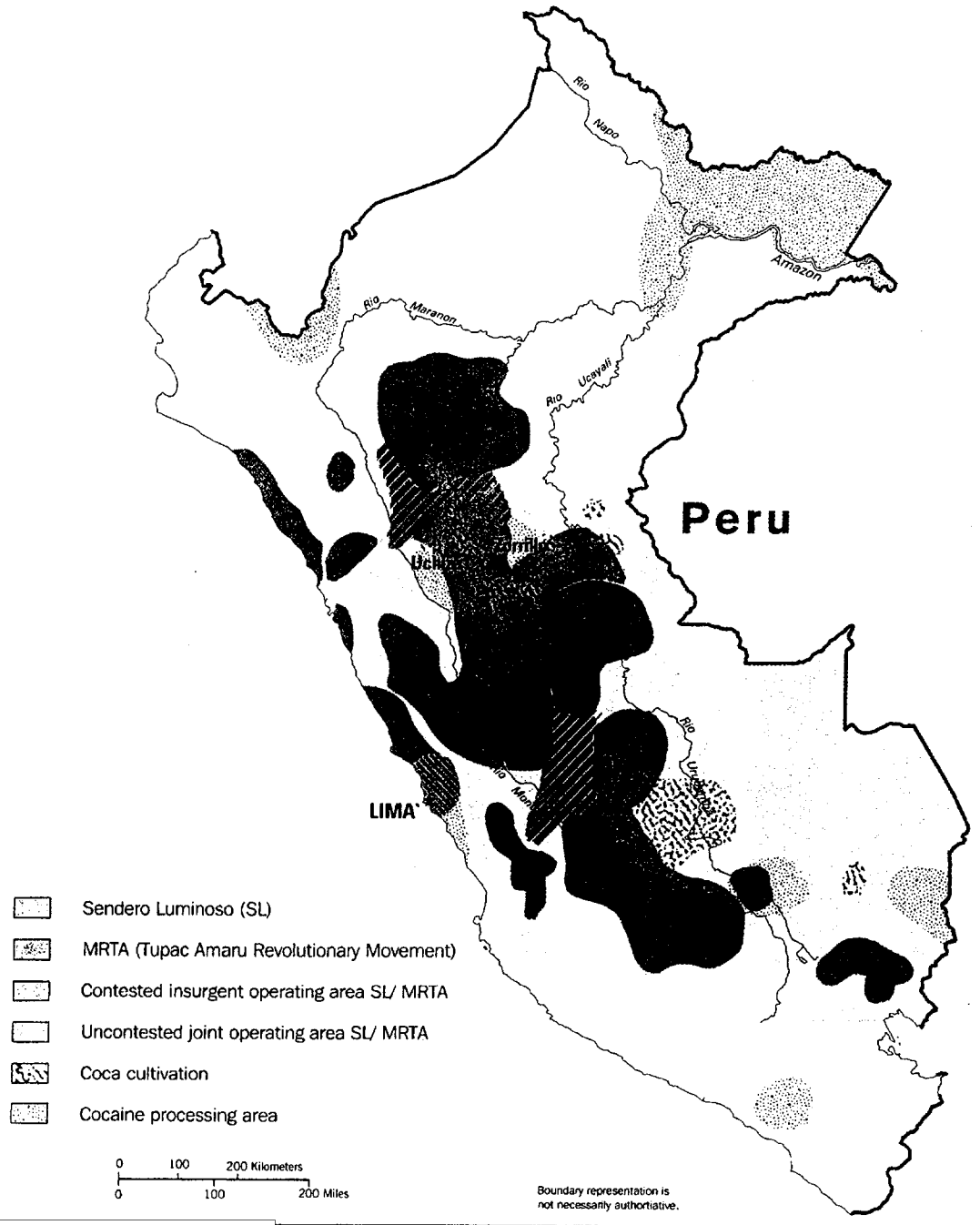
Traditional Insurgent Operating Areas and Coca Growing and Processing Regions



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that Sendero Luminoso may be trying to increase revenues by broadening its direct role in the drug trade--to include negotiating drug sales with Colombian groups and experimentally processing coca into cocaine base. (b)(3)

What Drug Revenues Buy

Colombian guerrillas have long used their drug ties to obtain arms and ammunition, either buying them directly from traffickers--who have extensive ties to private dealers--or receiving them in payment for protection of coca processing, storage, and transshipment sites. Some transactions by Colombians reportedly involved multi-ton shipments and hundreds of automatic rifles. For example, at least some of the 10 tons of modern infantry weapons and ammunition seized by Jamaica in early 1990 may have been purchased for the FARC by traffickers. (b)(1)

FARC's leadership saw the seizure as a great loss that temporarily forced the group to reduce its acquisition of weapons. (b)(3)

In Peru, both the SL and its smaller rival, the Tupac Amaru Revolutionary Movement (MRTA), acquire some weapons from trafficking organizations. Late last year, for example, (b)(1) traffickers used their contacts with arms dealers to provide the SL with assault rifles, grenades, and even heavy caliber machine guns--possibly for use against aircraft. Many drug groups in the Huallaga Valley have long been reluctant to provide arms to the SL, however, since that group has often tried to violently control the drug trade in its areas of operation. Sendero recently tried to mend (b)(1) rifts by moderating its approach in its dealings with traffickers, and some apparently responded by selling weapons to the group--although most still see the SL as a potential enemy. (b)(3)

Narco-Insurgent Friction

Despite benefits that traffickers derive from their links with guerrillas, insurgent participation in the drug trade has adversely affected the narcotics industry and raised tension between the two groups. In addition to losses incurred through such forced payments as "revolutionary taxes," a growing body of information indicates that some traffickers have had their once smoothly running drug operations disrupted, their efforts to develop processing and transshipping capabilities impeded, and their control of coca prices threatened. In 1990, for example, Sendero's self-appointed role to protect peasant coca-growers from exploitation led it to set prices for coca products. Several traffickers who tried to circumvent SL price controls reportedly were killed.

some Colombian buyers refused to travel to the Huallaga Valley, fearing (b)(1) the SL's violent efforts to enforce price controls, making it difficult for Peruvian traffickers to sell coca products. (b)(3)

Some Peruvian traffickers have responded to insurgent encroachment by moving their operations beyond Sendero's reach and by taking advantage of rivalries between Peru's two guerrilla groups. some traffickers and coca (b)(1) growers moved their coca cultivation and processing activities into new regions,

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including areas controlled by the MRTA. members of the MRTA were hired by traffickers to provide protection from antidrug forces and Sendero. (b)(1) (b)(3)

In addition, some drug groups in Peru and Colombia have retaliated with violence and have turned to corrupt military and police forces for protection against guerrillas. Last year, major Medellin and Cali drug organizations attacked FARC units in Valle del Cauca and Putumayo Departments and the central Colombian region of Magdalena Medio; they reportedly were reacting to insurgent efforts to control coca fields. At about the same time, increases in ELN "war taxes" and other activities caused some Cali-based traffickers to finance paramilitary groups in Valle Del Cauca Department. In Peru, a major Peruvian trafficker reportedly has used his military contacts to fend off Sendero threats and bought automatic weapons to arm a paramilitary force which the local army unit agreed to train. (b)(1) (b)(1) (b)(3)

Involvement in the drug trade also has caused problems for the guerrillas, although financial and other benefits probably outweigh any liabilities. Their focus on raising revenues and obtaining weapons from drug sources has tied a disproportionate number of their combat personnel to static, vulnerable positions near drug-producing regions. some Colombian guerrilla factions also believe drug activities corrupt cadre and undermine insurgent unity, and have tried to purge their ranks of known traffickers. In Peru, corruption has eroded the normally tight discipline of some Sendero Luminoso units, with personnel stealing drugs or narcotics revenues. the group has punished members for narcotics-related corruption. A Sendero spokesman recently pledged that the insurgents would eliminate the drug problem if they assumed power, but hinted that their role in the drug trade would continue for now. (b)(1) (b)(1) (b)(1) (b)(3)

Another potentially serious threat to the guerrillas involves the security of their operations, since drug traffickers--who are unconstrained by ideological or political concerns--have used their knowledge of the insurgents as a valuable bargaining chip with government forces. the traffickers' provision of information on insurgents to some civilian and military officials in Peru and Colombia has led them to be more tolerant of some drug activities. (b)(1) (b)(1) (b)(3)

Implications

Despite the volatility of trafficker-insurgent relations, even sporadic cooperation will continue to pose problems for government antidrug efforts. In areas of guerrilla control, traffickers in Colombia and Peru will continue to tolerate low levels of guerrilla involvement to protect their drug trade, accepting moderate "war taxes" as a necessary cost of business. Their ties to insurgents will provide them a greater retaliatory capability against government antidrug efforts, although Colombian

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traffickers in particular have demonstrated an ability and willingness to use their own paramilitaries against government targets during periods of heightened counternarcotics activity. (b)(3)

Andean governments are likely to continue to stress the links between local insurgencies and the drug trade in hopes of convincing the US that funding counterinsurgency operations with counternarcotics aid would lead to major gains against traffickers. However, we do not believe that the drug industry would be substantially disrupted in the short term by attacks against guerrillas. Indeed, many traffickers would probably welcome, and even assist, increased operations against insurgents. Moreover, we believe officials in Lima and Bogota, if given antidrug aid for counterinsurgency purposes, would turn it to pure antiguerrilla operations with little payoff against trafficking. (b)(3)

To the extent that insurgents in Colombia and Peru can be contained, however, long term improvements in rural security could lead to more effective antidrug efforts. A more secure environment would extend the reach of police counternarcotics forces by allowing them to use forward basing in areas formerly controlled by guerrillas. Significant diminution of the insurgent threat would enable antidrug police units to rely on vehicle transport, which is cheaper and generally more available than helicopter support, and conduct some enforcement operations with fewer personnel. Nevertheless, lacking effective government anticorruption efforts, operational security would continue to be compromised by suborned civilian and military officials. (b)(3)

Even if no longer preoccupied by counterinsurgency requirements, the militaries in Peru and Colombia would see their primary role as national defense and would be reluctant to fully support a counternarcotics mission. They have consistently expressed concerns over the legality, and potential public backlash, of armed forces participation in antidrug operations. Should their resources be diminished by budget stringencies, however, the Peruvian and Colombian militaries might overcome their misgivings about counternarcotics operations in the hopes that by enlarging their efforts they would gain increased US military aid. (b)(3)

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